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Israelis Shipped Obsolete Parts

Incident Angered Iranians, Led to Direct U.S. Role

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Israeli arms brokers substituted obsolete antiaircraft missile parts in a secret November 1985 arms shipment to Iran, angering the Iranians and causing the Reagan White House to begin sending weapons directly from U.S. military stocks, informed U.S. and Israeli sources said yesterday.

Iranian military officers had given the Israelis a list of specific spare parts for a type of antiaircraft battery known as Improved Hawk, or I-Hawk, but for reasons that are not clear they received parts for an older, less sophisticated version of the Hawk.

The November shipment was eventually returned to Israel, and the incident led the White House to stop using the Israeli arms brokers as intermediaries in the shipments. Those Israelis had begun the clandestine operation with tacit U.S. approval in the fall of 1985, when two arms shipments to Tehran resulted in the Sept. 14 release of the Rev. Benjamin Weir, who had been held hostage in Lebanon by pro-Iranian extremists.

The White House opted to begin selling parts directly from the U.S. arsenal for what became four subsequent shipments this year. The Iranians paid millions of dollars more than the \$12 million value of the weapons into a Swiss bank account, and some of those profits were secretly diverted to aid Nicaraguan contras, according to administration disclosures last week.

In a statement released yesterday, Israeli businessman Yaacov Nimrodi confirmed earlier reports that he had organized the

September arms shipments to Iran as a way "to bring about the freedom of the American hostages."

He said Weir was released as a result of these activities, but that afterward, "the Americans apparently reached the conclusion that it is within their ability to continue efforts for the release of other hostages without my help."

"The negotiations continued without me," Nimrodi said. "At the same time," he added, "my friends and myself were asked to stop dealing with the subject."

Nimrodi's friends have been identified as David Kimche, the former director general of the Israeli for-

eign ministry, and Al Schwimmer, the founder of Israel Aircraft Industries.

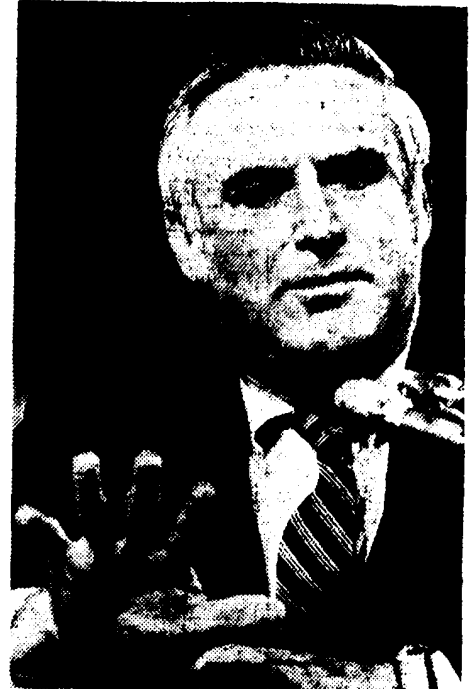
In February, 500 TOW antitank missiles were sent to Tehran directly from U.S. stocks and in late May parts for the I-Hawks were sent as a replacement for the rejected November shipment, according to informed sources.

According to these sources, some of whom were aware of the secret shipments at the time, this new phase of direct U.S. supplies stripped the White House of the "deniability" it had been able to maintain last year, when the arms were brokered by Israelis and taken from Israeli stocks that were eventually replaced by the United States.

When the direct shipments began, Marine Lt. Col. Oliver L. North of the National Security Council staff was designated as the White House liaison on the issue with the Israeli government. Israeli Prime Minister Shimon Peres selected Amiran Nir, his counterterrorism adviser, to be North's counterpart.

The White House had been told by the Israeli middlemen before Weir was freed that all five living American hostages would be released. Despite the setback in securing only one hostage, the Israelis were told that a shipment of I-Hawk parts would help to free the remaining four Americans. The Israelis chose late November for the shipment, according to one source, in part to mollify the White House in the wake of the arrest of Jonathan Pollard, who was eventually convicted of spying for Israel.

When word of the Iranian anger over the obsolete Hawk parts became known in Washington, former national security adviser Robert C. McFarlane and North, who had helped arrange the September and November shipments, "were damn angry at the Israelis for sending old equipment," said one source familiar with the transaction. The idea of sending arms to Tehran as a sign of



JOHN McMAHION

... arranged CIA help at request of North U.S. "good faith" had originated in discussions between McFarlane and Kimche in the summer of 1985.

White House officials in the past have said there was a "pause" in the Iran program about this time last year because McFarlane, North and the national security adviser, Vice Adm. John M. Poindexter, were changing their "contacts" in Iran.

A Washington source familiar with the Israeli arms deal said yesterday that Nimrodi was not involved in the November shipment and that the substitution of old parts for I-Hawk parts came about because of a "misunderstanding by people who didn't know weapons rather than a desire to cheat the Iranians."

The failure of the November shipment and the subsequent Iranian complaints came at a time when State and Defense department officials were trying to convince Pres-

ident Reagan that he should not use arms shipments as a means for opening contacts with Iran or in seeking help to free the remaining American hostages.

The incident also took place while the arms-to-Iran program was creating controversy within the Central Intelligence Agency. John McMahon, then the CIA's deputy director, agreed to provide agency assistance in getting an airplane for the November shipment after an unusual oral request from North.

At the time, according to congressional sources, North told McMahon that the plane would be carrying oil-drilling equipment. CIA Director William J. Casey was in China at the time, sources said.

McMahon, according to Sen. Daniel Patrick Moynihan (D-N.Y.), approved North's request but warned that he would require an order from Reagan to do it again. "I'll do it once, but the next time . . . this has to come from the president in writing," Moynihan, on the NBC News program "Meet the Press," quoted McMahon as saying.

In January, the White House received word of the Iranian military's unhappiness with the Hawk shipment, but also a hint that if newer equipment were furnished, talks about the hostages could continue, according to sources.

On Jan. 17, according to White House officials, the president signed a secret intelligence order authorizing the shipment of U.S. arms to Iran as part of a covert program to open contacts and seek help in obtaining the hostages' release.

In February, according to Attorney General Edwin Meese III, the November shipment of old Hawk parts was returned to Israel. In the same month, according to informed sources, the first U.S. shipment of 500 TOW antitank missiles went from the United States to Israel and then to Iran. All of this year's shipments were routed from the United States through Israel, and in at least some cases were flown circuitously from Israel through Europe to Iran.

Also in February, the CIA's McMahon quit without explanation. He now works for the Lockheed Corp.

On May 28, McFarlane, North and two others landed in Tehran in a plane carrying parts for the I-Hawks. Iran had the weapons from the 1970s, when it was a close ally of the United States and before revolution swept out the shah and brought Ayatollah Ruhollah Khomeini to power. McFarlane has told friends that he expected all of the remaining hostages to be freed before his arrival.

The United States sent two more shipments totaling 1,500 TOW missiles in August and late October. Two more hostages, the Rev. Lawrence M. Jenco and David P. Jacobsen, were released. In September and October, three more Americans were kidnaped in Beirut and reportedly are held by pro-Iranian extremists.

The idea of sending arms to Iran to cultivate contacts within the Khomeini regime began early in the Reagan administration, according to sources. In 1981, then-Secretary of State Alexander M. Haig Jr. gave tacit approval for an Israeli proposal that arms be sent to build contacts within the Iranian military. The Israeli idea, according to Moshe Arens, ambassador to Washington at the time, was to encourage the military leadership to overthrow the Khomeini regime.

No moderates in the armed forces were uncovered, Arens said recently, and U.S. support ended when Haig was convinced by his staff that the arms shipments were contrary to U.S. interests.

For the next five years, until Nov. 4, when the first reports of McFarlane's trip to Tehran appeared, the Reagan administration and the president personally emphasized that the Khomeini regime supported terrorism and that the United States would never pay ransom to extremists holding U.S. hostages. A strong corollary to these antiterrorism policies was Opera-

tion Staunch, the worldwide U.S. effort to enlist other countries in the embargo on arms shipments to Iran and Iraq as a means for ending the war.

Meese has reportedly told congressional investigators that all of the funneling of Iranian arms money to aid the Nicaraguan rebels occurred this year, beginning with the February shipment. He also told them that none of the profits from this October's shipment went to the contras, because by then Congress had approved \$100 million in military and other aid to the rebels.